

## **Function 450: Community and Regional Development**

Federal support for community and regional development helps economically distressed urban and rural communities. Major agencies and programs included in this function are the Empowerment Zones, the Community Development Block Grant, the Economic Development Administration, the Appalachian Regional Commission, rural development programs in the Department of Agriculture, the Bureau of Indian Affairs, the Federal Emergency Management Agency, and the Small Business Administration's disaster loan program.

The conference agreement on the Republican budget resolution provides modest increases in some other budget functions in part by gutting community and regional development programs. For 2001, the conference agreement provides only \$9.2 billion for community and regional development appropriations. This level of funding is a \$2.5 billion (21.1 percent) cut in purchasing power and is \$2.2 billion (19.2 percent) below the 2000 freeze level. The conference agreement continues to cut these programs in years 2002 through 2005, providing \$8.7 billion in 2002 and \$8.6 billion in each of years 2003, 2004, and 2005. By 2005, the level in the conference agreement represents an unrealistic \$3.9 billion (31.5 percent) cut in purchasing power and is \$2.8 billion (24.6 percent) below the 2000 freeze level.

The conference agreement does not outline specific cuts for community and regional development programs. However, the cuts in the conference agreement are deep enough to eliminate all discretionary appropriations for the Federal Emergency Management Agency (FEMA) and its disaster relief programs. This would mean that the conference agreement implausibly assumes that over the next five years the nation will not experience a single natural disaster that requires federal assistance. Alternatively, the conference agreement could assume a nearly one-third across-the-board cut in purchasing power for all programs in this function by 2005.

Ironically, the Republican leadership have spoken publicly this year about the need to provide additional resources for development in economically distressed communities. For instance, Speaker Hastert has discussed with President Clinton efforts to develop a bipartisan New Markets Initiative. However, cuts in the Community and Regional Development function would gut many of the federal programs that currently benefit those communities.

- ***Comparison with the House Resolution*** — For 2001, the conference agreement provides \$100 million more in appropriated funds than the House resolution. Over five years, the conference agreement provides \$600 million more than the House resolution.
- ***Comparison with the Democratic Alternative Resolution*** — The Democratic alternative resolution maintained purchasing power for community and regional development programs

for all of years 2001 through 2005. For 2001, the Democratic alternative provided \$2.5 billion more than the conference agreement. Over five years, the Democratic alternative provided \$16.8 billion more than the conference agreement.